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ABSTRACT

Data compiled from previously published reports are used to assess values in postsecondary education. Five criteria are discussed: (1) postsecondary education should improve the graduates' work opportunities; (2) postsecondary education should have effective holding power; (3) postsecondary education should be relevant to students' needs; (4) postsecondary education should be cost-effective for students and the society financing it; and (5) postsecondary educational institutions should be accountable. Comparisons are made between colleges (public and private two- and four-year degree-granting institutions) and alternative institutions (public, private, and proprietary trade and vocational schools). A 33-item bibliography is included. (LBH)

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AICS SPECIAL REPORT

REASSESSING VALUES IN POSTSECONDARY EDUCATION

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Then, in 1975, he was chosen as one of the Outstanding Young Men in America and was listed in the Who's Who in Kansas.

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Reassessing Values in Postsecondary Education

Until now, the pre-eminence of the traditional two-year or four-year college has been presumed; other varieties of nontraditional postsecondary institutions have, for the most part, been treated as "also rans." In the light of employment trends and the rising costs of education, high school graduates, parents, and taxpayers are now becoming more concerned about options in postsecondary education which are pertinent to these factors. As comparisons are made based on criteria accepted as valid by these concerned groups, a new pluralism in postsecondary education may dictate a restructuring of traditional colleges and universities and greater acceptance of alternative institutions.

The criteria suggested here are neither all-inclusive nor acceptable to all. This is as it should be, however, if pluralism in education is essential to a free society. The attempt, then, is to be explicit in identifying criteria that many citizens are concerned about and to offer comparisons among traditional and alternative forms of postsecondary education.

For the purpose of this writing, the general category of colleges includes both public and private four-year degree institutions as well as public and private two-year or community associate degree colleges. Alternative institutions is the term used to identify public, private, and proprietary trade and vocational schools.

While admittedly there is some danger in mixing data compiled at various times for differing purposes, the writer has compared previously published facts and trends which appear to shed light on the performance of colleges and alternative postsecondary institutions and on their responses to the needs of society. Parenthetically, the writer believes that a national task force could well be established to discern if data based on common parameters would support the conclusions to be drawn from this analysis of data from various sources.

Criterion 1. Postsecondary Education Should Improve the Graduates' Work Opportunities. No one would contend that all students engaged in postsecondary education are there in anticipation of work opportunities. Liberal arts colleges might be quick to disclaim job-relatedness of their studies despite the entreaties of catalogues to the effect that liberally educated persons can be expected to succeed in a variety of endeavors. Professional schools within the colleges and many special curricula are specifically designed to provide occupational readiness. Almost all of the alternative postsecondary institutions prepare their graduates for vocations. It is clear, then, that preparation for the world of work is a dominant theme in higher education. The graduate should realistically be able to expect that his or her training will open the doors to work opportunities if such opportunities are desired and have been promised.

What job opportunities and advantages are there for the student who obtains a college degree? According to the Bureau of Labor Statistics, the number of graduates will exceed the number of jobs requiring their skills by about 800,000 between now and 1985,(10) and the supply of college graduates may exceed the demand by 10 percent between now and 1985. The United States Census Bureau projects that in the next ten years 800,000 people will graduate from college into a world that doesn't need them.

In 1975, there were 30,000 law school graduates competing for 15,000 jobs. For several years the colleges and universities have been turning out more teachers than there are teaching positions. In the medical field, where there are still plenty of employment opportunities upon completion of the necessary preparation, a problem arises from the limited number of premedical students allowed into medical school. In 1975, 15,000 premed students were accepted, but what lies ahead for the 35,000 applicants that were turned away? The Department of Labor reports that

three-fourths of the social science graduates and two-thirds of the humanities graduates who came out of college in the early 1970's have had to take jobs not directly related to their majors.(6) A liberal arts degree has been called a ticket to unemployment.(2)

The College Placement Council reported in 1976 that job offers in all fields have been running 16 percent below 1975, and 1975 ran 18 percent below 1974. Employment for 1976 college graduates was on a downward trend, according to the College Placement Council.(4) The data is as follows:

Bachelor's degrees	Down 37% from 1975
Master's degrees	Down 33% from 1975
Doctorate degrees	Down 51% from 1975

Though demand is down across the board, engineering and business students are getting 89 percent of the total job offers.

Unemployment among new humanities graduates was running about 15 percent in March, 1976, which was higher than the 14.4 percent registered at the same time for laborers.(26)

Upon obtaining employment, the college graduate is often disappointed with the type of job or the compensation received after an investment in four or more years in college. The following figures show the percentage of liberal arts college graduates holding nonprofessional, nonmanagerial jobs:(14)

	Men	Women
1960s	10%	13%
1970s	33 1/3%	66 2/3%

The College Placement Council provided salary data for the years 1969 to 1975 which shows a decrease of 23 percent in real starting pay for men with social science or humanities degrees; a fall of 21 percent in real pay for beginning BS mathe-

matics majors; and a decrease of 17 percent for beginning electrical engineers with doctorates. Declines of such magnitude have not been experienced by other workers.[14]

The ratio of college graduate to high school graduate income dropped in the early 1970's.

	Full-time male college-grad workers	25-34 year-old category
1969	53% more earnings	39% more earnings
1973	40% more earnings	23% more earnings

Advantage in Starting Salary of a College Graduate over All Other Members of Labor Force

1969	24% advantage
1974	6% advantage

The investment return on a college education, when work opportunities are considered, has declined from approximately 11 percent in 1969 to 7 percent in 1974.[2]

One recent study suggests that as much as 27 percent of the nation's work force may now be made up of people who are "overeducated" for the jobs they hold.[32] The U.S. Office of Education estimates that four out of five jobs created in the 1970's will require vocational or technical training but not a college degree,[12] and the U.S. Department of Labor confirms this with its prediction that 20 percent of the job openings in the 1970's will require a four-year college degree while 80 will require a high school diploma or training beyond the high school but less than four years of college.[2] According to the Department of Labor, the biggest demand during the 1970's will be for stenographers and secretaries.[6]

Let's take a look at postsecondary alternatives to college, such as vocational, trade, and technical schools. There is an obvious need for persons with specialized training, as documented in the foregoing. Are graduates of vocational schools qualified to meet this need and fill the available positions? Facts would indicate affirmatively. In 1974, 91.4 percent of the graduates of vocational training available for work were placed in jobs.[22] Sixty to eighty percent of the graduates of the alternative postsecondary institutions have, in recent years, secured jobs directly related to their training.[16] Not only did the majority of those graduated have jobs, but it now appears that their salaries are competitive with those of college graduates.[24]

With increasing competition for limited job openings, the key for any graduate is being competent in his or her field. A specific alma mater is not a guarantee of performance by the student as a teacher, lawyer, secretary, mechanic, etc. The responsibility for providing the knowledge and skills for competence must lie with educators. The student has a right to expect the educational institution to prepare him for the future if he has engaged its services for this purpose.

In view of the current employment situation, whose responsibility is it to inform high school graduates, with little or no experience in the business world, that a college degree will no longer assure them a job? There is an imbalance often overlooked by optimistic high school graduates and ignored by society. A person should definitely pursue the career of his or her choice but should also be made aware of the prediction that 80 percent of the jobs now available will not require a college degree. Certainly educators have a social responsibility to students, parents, and society as a whole to advise young people of the various

avenues to education available and the employment opportunities likely to be open to them.

Criterion II. Postsecondary Education Should Have Effective Holding Power. It is a fact of academic life that the majority of students no longer enter a school or college and remain there fully engaged until termination of a program. The contemporary pattern of attendance in a postsecondary institution is for an individual to attend for awhile only to "job out" for necessary work and earnings, family needs, or maturing experiences. The trend toward "continuing education" demonstrates that education doesn't terminate with high school graduation but it is, indeed, a lifelong process.

Despite the inevitable and perhaps even salutary aspects of discontinuous educational experience, there is something to be said in favor of those institutional programs which enable students to achieve their goals and purposes with greater assurance. The holding power of an institution is certainly related to work opportunities. Persons dropping out midway in professional and other occupationally oriented programs may possess no marketable skills after two or more years invested in college.

Only through excellent teamwork by professional educators can high student completion occur. Admissions representatives must be well trained and truthful; student quality must be good; instructors must be able to inspire and motivate students; the training must be perceived as relevant; adequate counseling, placement and other support services must function properly to solve student problems; and the administration must provide leadership, administer fairly, and communicate well with all the publics of an institution. It is clear that the student completion rate is an important measure of institutional effectiveness assuming reasonable admissions standards.

It is noteworthy that 65 percent of the students entering community colleges drop out.[24] This figure may not be alarming in that some community college students do not enroll with the idea of completing a two-year program; thus it may be argued that the variety of needs being successfully met by the community college makes the dropout rate irrelevant. Even in accepting this premise, however, it appears that uneven attendance patterns and conflicting objectives of the students may deter community colleges from developing effective curricula in any one program area--academic, vocational, or remedial.[24]

Of those students who enter college, what is the probability that they will complete college? The American Council on Education in a 1969 study, reports one out of four college freshmen do not return for their sophomore year.[25] In its 1972 study, the Council reports that 41.5 percent of the freshmen entering a four-year college will drop out.

The lack of single-mindedness which appears to be characteristic of many students who enroll in colleges is undoubtedly a significant factor accounting for a high dropout rate. Statistics from the Carnegie Commission on Higher Education indicate that between 5 and 30 percent of all college students are "reluctant" participants. As many as three-quarters of all college students have signed up merely because society pushed them into it.[32] College professors and administrators estimate that no more than 25 percent of the students they serve are "turned on" by classwork. Since many young persons are uncertain of their goals and purposes, the shorter term programs of vocational schools are more likely than others to be completed. Course length at trade and technical schools ranges from less than a week to 130 weeks, with a median of 40 weeks, as reported by the National Association of Trade and Technical Schools.[11] Although a graduate of such programs is not awarded a degree, 75 percent will pass the appropriate

examination for career entry into a licensed occupation.[21] In the instance where the student simply enjoys learning and enriching his or her life, it may be advisable to obtain a marketable skill that will ensure an income while continuing his education. By this logical approach, neither the student nor society loses if at any point education is discontinued.

Proprietary institutions are among the vocational schools which have enviable holding power. The 1976 annual report prepared by the Association of Independent Colleges and Schools concluded that about 75-80 percent of all proprietary school students complete their programs.[1] This compares to the 25 percent who complete public vocational education programs and 25-35 percent who complete community college degrees.[24] A specific comparison is made by Dr. Wellford Wilms of the Center for Research and Development in Higher Education at the University of California, who is conducting a study of vocational training.[24] He states, ". . . our survey in Chicago in September 1972 showed that although the proprietary and public post-secondary schools started with about the same number of secretarial data processing enrollees, the proprietary schools graduated four to six times as many as the public community colleges. This same pattern seems to hold in the other locations we are studying."[16]

Criterion III. Postsecondary Education Should Be Relevant to Students' Needs. Any comparison between colleges and alternative postsecondary institutions must refer to a particular variable. Since colleges claim relevance to the need for career preparation, the comparison here is limited to the relevance of the two general approaches to education as applicable to the world of work.

Colleges, whether it is because of the kind of student served, because of the lack of concentrated effort, or because of other reasons, have not produced students with the degree of occupational readiness as have the alternative

institutions. At Wright State College, for example, the placement officer estimates that 60 percent of the students enter college without vocational plans, and an unbelievable 40 percent graduate without vocational plans. These figures are not radically different from those reported by many other colleges. In 1972 nearly half of the Princeton seniors had no immediate plans for graduate school or a permanent job.(6) Not only is there a lack of demand by employers for the college graduate today, but the graduate himself often lacks a career goal and the accompanying drive to find suitable work for himself.

As noted earlier, the dropout rate for colleges is much higher than that of public and private vocational schools. Since "relevance" is an elusive concept, it is not easy to interpret what the dropout rate reflects. Undoubtedly some students are so poorly motivated that no college could provide any kind of education of interest to them. It is also possible that the colleges are making intellectual demands which many dropouts could not meet. The inescapable possibility remains, however, that in their zeal to be all things to all students, programs have not been finely attuned to the marketplace insofar as job preparation is concerned. The high completion rate boasted by proprietary schools is evidence of the relevance of the curricula to the needs of their students.

Vocational schools place over 90 percent of their graduates. In order to maintain the high placement figure, the vocational schools must prepare students to meet employer needs. A key to the high placement rate is that the curriculum is developed backwards from the marketplace so that graduates are filling the needs of the employer as these needs change. The courses are flexible, but always specific and responsive to the labor market. When unemployment rises, the students with skills are the people with jobs. The student is not the sole

beneficiary. Society benefits because educators in proprietary institutions listen to the demands of society and respond to these demands.

A high placement rate is vital to the vocational school as a qualification for Veterans Administration approval. The new VA law stipulates that a school must prove that 50 percent of its graduates get the jobs they were trained for or the school will not qualify for VA approval.(20)

The profit motive in proprietary institutions stimulates continuous changes in the program offerings reflecting change in labor market conditions.(24) On the other hand, public institutions tend to change slowly. Colleges and public vocational schools may be required to seek approval of one or more departments of a government agency for new equipment and teaching aids, and new courses must usually receive approval of a governing state board. Governmentally approved budgets do not often permit the revision of allocations in order to respond to new needs recognized within a fiscal year.(11)

Students in proprietary schools generally rate their institutions as high in reputation. The reason given more frequently by these students (54.7 percent) as important in selecting their school is that the college has a very good academic reputation. Just over 50 percent of the four-year college freshmen and 34.8 percent of the community college freshmen choose their institutions for this reason. The reputation of proprietary schools is based primarily on the relevance of training to gaining and keeping jobs. The fact is very important to school owners--these schools do their best to give students their money's worth.(16)

Criterion IV. Postsecondary Education Should Be Cost-Effective for Students and the Society Financing It. What is the current picture of the cost of attending college? The Department of Labor reported for fall, 1972, in its Occupational

Outlook Quarterly that the cost to the student of college at that time ranged from $2,000 to over $5,000 per year.[25] The Chronicle of Higher Education listed an average cost to the student for the 1976-77 academic year for resident students as follows:

two-year public college -- $2,454

two-year private college -- $3,907

four-year public college -- $2,790

four-year private college -- $4,568

proprietary vocational schools -- $4,238[9]

The College Entrance Examination Board made a survey with this specific finding: based on the 1974-1975 school year, the cost of attending a private four-year college for the full four years is $24,000.

Both the Chronicle of Higher Education[9] and the "Washington Counseletter"[4] predict that college undergraduate tuition (both public and private) will increase at least 8 percent over that paid in 1976. At a four-year state institution in particular, costs rose at the rate of 8.5 percent a year between 1970 and 1974.[6]

College education can represent an investment of four years of lost earnings plus $15,000 or more in costs to the student.[2] Few students or other interested persons may stop to consider the hidden cost of loss of income which can and should be considered significant. For example, a young man or woman working full time would be earning, at a minimum, $2.30 per hour for a 40-hour week. This computes to $4,784 over a 52-week year. In the case of a four-year college, the cost to the student must include the $19,136 lost income. When added to $15,000 cost to the student of four-year colleges estimated by the American School Board Journal, the student is paying approximately $34,136 to attend College. Although lost income is

a factor in attending any school, the shorter earning time sacrificed to obtain a marketable skill in a vocational school results in a greatly reduced loss of income, aside from the lower cost to the student of a shorter program of study.

In addition to the costs cited for attendance at a four-year college which must be paid by the student, taxpayers should keep in mind that they are paying a portion of the cost for each student through state and/or federal subsidies. Figures for a typical state-supported college show that the student pays only 9.4 percent of the actual expense of his or her education, while the state pays for 42.9 percent and federal funds pay for 16.1 percent. The remaining funds needed are derived from various other sources, including research grants, scholarship foundations, and endowments. The community colleges, like the state-supported four-year institutions, also receive a portion of their operating capital from the taxpayer. Thus, in most instances the cost cited to the student is not the full cost incurred to educate the student. Community colleges are finding it necessary to raise costs at a faster rate than others. Tuition and fees are on the rise at a rate of 29 percent at public two-year colleges.(9) For comparative purposes, if the proprietary institutions received the same 60 percent subsidy from state and federal funds as state four-year colleges, the cost of tuition to the student would drop significantly.

Although the cost of attending a community college is often considered to be less because the students can commute, this is not necessarily the case when total cost per student at a community college is taken into account. If a student resides at home while attending a junior college, the expenditures for living costs paid directly to the institution may be lessened, but nevertheless are incurred and should be included in an accurate cost total. Students who attend

the alternative institutions most often live at home; and this cost factor holds for them, too. It can be noted, however, that the shorter term of training in alternative institutions, as compared to colleges, has a favorable effect on costs.

The Association of Independent Colleges and Schools has made a revealing revenue expenditure comparison between a representative 22 percent of its 484 member schools and all institutions of higher learning in the United States, as recorded with the U.S. Office of Education.(30) The records include all two-year and four-year colleges, public and private, as well as vocational, trade, and technical schools--public and private. The categories involved in the comparison were classroom instruction expense, administrative expense, and plant or physical facility expense. The figures show instruction expense to be 28.5 percent of the income as an average for all U.S. colleges, which is below the 34.2 percent spent by AICS schools. It is noteworthy that the instructional function, reflecting the primary purpose of the school, receives a higher percentage of the revenue dollars in the typical proprietary school than in other postsecondary institutions.

In the AICS study, member schools were found to spend 27.2 percent of budgeted funds on administration while colleges spent a similar proportion, 27.5.

The profit, which enables the private AICS schools to remain in business, is found under the heading of plant or physical facilities. The proprietary schools operate with a plant expense of 10.2 percent of their income compared to a plant expense of 20.2 percent for "all postsecondary institutions." Thus, proprietary school physical facilities is an area of efficiency peculiar to them, which is often not recognized. Because proprietary institutions are often located in the upper floor of a building or a similarly unorthodox "campus," a

profit is realized without taking advantage of the student or slighting his education in any way.

The cost to the student for an education in a proprietary school is high; it approaches the cost per year of attending a four-year private institution which has the highest cost to the student of all institutions surveyed. There are mitigating factors: considering the length of the respective programs, the proprietary school students can meet their objective at a cost substantially lower than that of college students.[24] The shorter term program of the proprietary school is possible because of (1) job-specific training and (2) intense instructional programs. Colleges provide approximately 512 hours of instruction (16 credit hours times 32 weeks in an academic year), while proprietary schools average about 900 instructional hours per year (this is the minimum required by schools approved by the Veterans Administration). Though skill development requires contact hours for the most part, contact hours should not be the sole measurement for determining program costs.

The on-campus proprietary school student, as well as students in other institutions, must expect an increase in educational costs. The increase expected for September, 1976, was 12 percent.[9]

Criterion V. Postsecondary Educational Institutions Should be Accountable. It was noted earlier that 50 percent of the graduates of a vocational school must get the jobs they were trained for or the school will not qualify for VA approval. VA public law 93-508 enacted December 3, 1974, does not apply to public or non-profit institutions; and they are consequently not held accountable for placement of their graduates. This is one example of the double standard set up by government regulations for postsecondary institutions.

While VA approvals seem to be based upon the capital structure of the institution, the approval should be based solely on the quality of the educational program. The proprietary institutions recognize the need for accountability and believe that the government and taxpayers should be equally concerned with the performance of the institutions they subsidize. The welfare of the student is the primary consideration in education and the student should not be discriminated against because of regulations imposed on the type of school he chooses to attend.

In recent VA cases, it appears the lack of diligence on the part of the institution in taking classroom attendance resulted in claims of overpayment to the student who is enrolled but not attending classes. If proprietary schools operated in such a manner, the regulations governing them could not possibly be met. Certainly nonprofit institutions should have at least the same scrutiny since they are artificially supported through taxpayers' money and are, therefore, less responsive to the checks and balances of the marketplace.

Summary and Conclusions. From the available data, some conclusions appear to be justified. A summary follows, along with the writer's interpretative comments.

1. There is currently an imbalance in the United States educational system. While only 20 percent of the jobs predicted to be available in the next few years will require a college degree, 76 percent of the high school students are found to be "college bound." Students, with the help of parents, teachers, and counselors, should realistically select from their options: (1) terminal vocational courses in the secondary school, (2) postsecondary education in alternative non-degree vocational schools, (3) college and university certificate or degree programs, or (4) employment which affords on-the-job training.

2. Available figures indicate that the dropout rate from proprietary institutions is substantially lower than that of public vocational schools, two-year colleges, and four-year colleges. The completion rate of the entering students is an important measure of an institutions relevance to student needs and its instructional effectiveness. The profit motive in proprierary institutions stimulates continuous changes in the program offerings and instructional methods to reflect changing student needs and labor market conditions.

3. Proprietary vocational institutions are cost-effective with public institutions. An education in a proprietary institution tends to cost the student less than an education in a public institution because of the intensive, short-term nature of its programs. Proprietary institutions spend a greater percent of their revenues on instruction and less on physical facilities than do the colleges. Without the subsidies enjoyed by many colleges, proprietary schools may be able to profit enough to survive only by minimizing plant expenses. The ideal school would pay taxes, receive no direct public financial support, and benefit society as satisfied students sustained it through tuition payments.

4. There appears to be a double standard in legislation and regulations governing postsecondary institutions. Proprietary institutions are often held more accountable than public institutions despite the fact that taxpayers are underwriting approximately 60 percent of the costs of colleges. Education should be judged on the basis of the quality of the instruction and not on the capital structure of the institution. The student is what education is all about; what is best for the student is best for the institution. Competition and pluralism are deemed constructive, making for diversity and efficiency in education; however, equity is yet to be achieved between the nonprofit colleges and proprietary institutions.

5. Public tax-supported colleges and universities have heretofore been accepted as the standard postsecondary institution; and vocational, trade, or technical proprietary schools have been considered second rate, if considered at all. As accountability statistics are revealed from each sector, however, the alternative proprietary schools are achieving deserved recognition. The student should now be guided in postsecondary educational decisions by the facts as they are, rather than as generations of young people have been shaped by outworn tradition.

Employment Demand vs. Training

	College Preparatory and General	Trade and Industry	Business
Percentage of secondary student enrollment	71.9%	3.6%	4.1%
Employment need shown by percentage of population employed in the related field	13 %	25 %	34 %

Average Cost for 1976-77 Academic Year for Resident Students

	Estimated Cost	Estimated Instructional Hours	Estimated Cost per Contact Hour
Two-year public college	$2,454	512*	$4.79
Two-year private college	3,907	512*	7.69
Four-year public college	2,790	512*	5.45
Four-year private college	4,568	512*	8.92
Proprietary institutions	4,238	900**	4.71

*Estimated instructional hours for these institutions figured on the basis of 32 credit hours for a total academic year.
**This is a minimum as required by the Veterans Administration for proprietary institutions' 9-month academic year.

Expenditures

	Other	Instruction	Physical Plant	Administration
AICS Schools	28.1%	34.2%	10.2%	27.5%
All Postsecondary Schools	24.1%	28.5%	20.2%	27.2%

Dropout Rates

First year of a four-year college	25 %
Total over four years at a four-year college	41.5%
Two-year college	65 %
Proprietary institution	20.1%

Of the less than 60 percent who graduate from a four-year college, two-thirds of the males or 40 percent of those who first enrolled and only one-third of the females, 20 percent of the original enrollees, will work in their field of training. Therefore, on a basis of 100 men who enter a four-year college, 40 will work in the area in which they were trained. In the case of 100 females, only 20 will be employed in their chosen field.

Ratio of College-graduate to High school-graduate Incomes

	Full-time male college-grad workers	25-34 year-old category
1969	53% more earnings	39% more earnings
1973	40% more earnings	23% more earnings

Advantage in Starting Salary of a College Graduate over All Other Members of Labor Force

1969	24% advantage
1974	6% advantage

Rate of Increase in Costs of Postsecondary Institutions

Four-year state institution	8.5% (1970-1974)
Two-year college	29 %
Proprietary institution	12 %

Trend in Job Offers for Liberal Arts College Graduates

1975	Down 18 percent from 1974
1976	Down 16 percent from 1975

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AICS publishes monthly THE COMPASS, with a readership of nearly 4,000. This readership includes institutional administrators, teachers, publishers, as well as government officials throughout the United States. Other publications include: *Your Career As a Secretary, Don't Overlook the Business College, Your Career As a Legal Secretary, Accounting for Your Future,* and other Guidance Materials.

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STEPHEN B. FRIEDHEIM, CAE, serves as Executive Vice-President of the Association.

ROBERT M. TOREN serves as Executive Secretary to the Accrediting Commission.

MARY B. WINE serves as Director of Professional Relations.

More detailed information about proprietary education, independent schools, and business schools may be obtained from the following sources:

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A more detailed bibliography is available upon request.